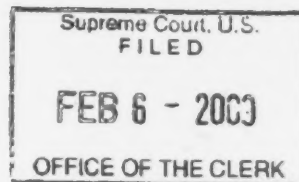


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(2)

No. 08-847



**IN THE
Supreme Court of the United States**

MUNIAUCTION, INC.,
D/B/A GRANT STREET GROUP,

Petitioner,

v.

THOMSON CORPORATION, D/B/A
THOMSON FINANCIAL LLC AND/OR
THOMSON FINANCIAL MUNICIPALS GROUP,
AND I-DEAL, LLC,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

**BRIEF FOR THE RESPONDENTS
IN OPPOSITION**

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February 2009

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QUESTION PRESENTED

Whether the evidence presented at trial was sufficient to support a finding of joint infringement of a business method patent under 35 U.S.C. § 271(a).

RULE 29.6 CORPORATE DISCLOSURE STATEMENT

Respondent Thomson Corporation, d/b/a Thomson Financial LLC and/or Thomson Financial Municipals Group, was renamed Thomson Reuters Corporation on April 17, 2008. Thomson Financial Municipals Group is a division of Thomson Global Markets Inc., a non-public corporation. Thomson Reuters Corporation is a Canadian company traded on the Toronto and New York Stock Exchanges. Under Thomson Reuters's dual listed company structure, Thomson Financial LLC and Thomson Global Markets Inc. are also subsidiaries of Thomson Reuters PLC, a United Kingdom company traded on the London Stock Exchange and NASDAQ.

Respondent i-Deal, LLC is a subsidiary of Ipreo Holdings LLC.

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STATEMENT OF THE CASE

This case concerns allegations of “joint infringement” of a business method patent for conducting online municipal bond auctions. The decision of the United States Court of Appeals for the Federal Circuit that Respondents did not infringe the claims of Petitioner’s patent is correct and consistent with applicable precedent. No further review is warranted.

1. Respondents offer a system for conducting online municipal bond auctions called BidComp/Parity®. Pet. App. 19b. In a municipal bond auction, state and local government entities, known as issuers, sell bonds to raise public funds. *Id.* at 16b. Bidders in these auctions submit bids that include a price for the bonds and a related interest rate. *Id.* From the issuer’s perspective, the best bid is the one with the lowest “true interest cost” (“TIC”) to the issuer. *Id.* Bidders can use BidComp/Parity® to calculate TIC and submit bids, and issuers can use BidComp/Parity® to view those bids. *Id.* at 19b.

An auction using Respondents’ system involves steps performed by multiple parties. First, a bidder uses a computer to input data needed to calculate a bid. *Id.* at 19b. BidComp/Parity® uses the data to calculate a bid and stores the bid in a database. *Id.* The bidder views the calculated bid on its computer and decides whether to submit the bid in the auction, which usually can be accomplished either through BidComp/Parity® or through non-electronic means. *Id.* The bid is then communicated to the issuer, who can log onto BidComp/Parity® via the Internet and access bid information from the database. *Id.*

Respondents do not charge issuers a fee for the use of BidComp/Parity®. The issuer decides whether it will receive bids by electronic or non-electronic means, specifies the information that will be required for a bid, and selects the winner of the auction. In auctions where the issuer elects to receive both electronic and non-electronic bids, the bidder chooses how to submit its bid.

2. Petitioner sued Respondents in the United States District Court for the Western District of Pennsylvania for infringing U.S. Patent No. 6,161,099 ("the '099 patent"). The claims at issue in the '099 patent recite methods of performing original issuer municipal bond auctions over an electronic network using a web browser. Pet. App. 16b. Petitioner alleged that Respondents' use of BidComp/Parity® to conduct auctions directly infringed method claims of the '099 patent, in violation of 35 U.S.C. § 271(a). Pet. App. 20b.

The asserted claims of the '099 patent were drafted in such a way that no single party can perform every method step. *Id.* at 33b. For example, the first step calls for a bidder to enter data via a computer, while the middle steps require an auctioneer to calculate TIC and communicate bids to an issuer. *Id.* at 33b–34b. To prove that Respondents practiced every method step, Petitioner sought to rely on the joint infringement doctrine to attribute the actions of bidders and issuers to Respondents. *See id.* at 43d–44d (instructing jury that "some connection" between parties sufficed to establish joint infringement).

Following a trial, a jury found that the asserted claims were not invalid, that Respondents

willfully infringed, and that Petitioner was entitled to \$38,482,008 in lost profits damages for infringement. *Id.* at 45e–50e. Respondents moved for judgment as a matter of law or a new trial, arguing among other things that joint infringement doctrine did not support direct infringement liability and that the '099 patent claims were obvious. The district court denied the motion; awarded a total of \$84,624,637, including enhanced damages and prejudgment interest; and granted a permanent injunction against Respondents. *Id.* at 93g–94g.

3. The United States Court of Appeals for the Federal Circuit reversed in part and vacated in part. *Id.* at 37b. Relying on this Court's decision in *KSR International Co. v. Teleflex Inc.*, 550 U.S. 398 (2007), the court of appeals held that six of the fourteen asserted claims of the '099 patent were invalid as obvious. Pet. App. 22b–33b. The court further held, as a matter of law, that Respondents did not infringe the remaining eight claims. *Id.* at 33b–37b.

The court of appeals considered the following joint infringement question: "The issue is thus whether the actions of at least the bidder and the auctioneer may be combined under the law so as to give rise to a finding of direct infringement by the auctioneer." *Id.* at 34b. Applying the standard set out in *BMC Resources, Inc. v. Paymentech, L.P.*, 498 F.3d 1373 (Fed. Cir. 2007), the court of appeals concluded that Respondents were not liable for direct infringement because they had not exercised "control or direction" over bidders using BidComp/Parity®, and therefore had not performed every step of Petitioner's claimed method. Pet. App. 34b–37b.

REASONS FOR DENYING THE PETITION

I. The Petition Does Not Present An Important Question Of Law That Should Be Settled By This Court

Petitioner incorrectly contends that review by this Court is appropriate because “a United States court of appeals has decided an important question of federal law that has not been, but should be, settled by this Court.” Pet. 19 (quoting Sup. Ct. R. 10(c)). The court of appeals’ decision does not satisfy that standard. In attempting to demonstrate otherwise, Petitioner misstates the law.

1. Contrary to Petitioner’s contention, the court of appeals’ decision in this case does not “set aside more than a century of legal precedent.” Pet. i. In arguing that “[j]oint infringement’ had a century-and-a-half long pedigree,” *id.* at 6, Petitioner misstates the law by conflating joint infringement (which is a form of direct infringement) and contributory infringement (which is a form of indirect infringement). By ignoring the distinction between direct and indirect infringement, it is Petitioner who casts aside established precedent and the text of 35 U.S.C. § 271. See *Hewlett-Packard Co. v. Bausch & Lomb Inc.*, 909 F.2d 1464, 1468–69 (Fed. Cir. 1990) (describing the judicially created distinction between direct and indirect infringement, and its subsequent codification in the Patent Act of 1952).¹

¹ Although Petitioner asserts (Pet. 2) that this case involves the interpretation of 35 U.S.C. § 271(b), Petitioner abandoned all (continued...)

To prove direct infringement, the plaintiff must prove that a defendant has practiced every element of the claimed invention. See 35 U.S.C. § 271(a); *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 29, 40 (1997).² Where a method or process patent claim is in issue, liability for direct infringement thus requires proof that a single defendant performed every step of the claimed method. *Royer v. Coupe*, 146 U.S. 524, 530–31 (1892); *Goodyear Dental Vulcanite Co. v. Davis*, 102 U.S. 222, 230 (1880) (“The same result may be reached by different processes, each of them patentable, and one process is not infringed by the use of any number of its stages less than all of them.”); *Canton Bio-Med, Inc. v. Integrated Liner Techs., Inc.*, 216 F.3d 1367, 1370 (Fed. Cir. 2000) (“Infringement of process inventions is subject to the ‘all-elements rule’ whereby each of the claimed steps must be performed in an infringing process . . .”).

Joint infringement doctrine is a means of establishing direct infringement of a method patent. To take a simple example, suppose a method consists of three steps, two of which are performed by a

indirect infringement claims at trial. Pet. App. 90g n.5. After invoking § 271(b), Pet. 2, Petitioner ignores that provision and relies on contributory infringement cases, including cases that concern § 271(c).

² See also *Rowell v. Lindsay*, 113 U.S. 97, 101–02 (1885); *Water-Meter Co. v. Desper*, 101 U.S. 332, 335 (1879); *Fuller v. Yentzer*, 94 U.S. 288, 297 (1876); *The Corn-Planter Patent*, 90 U.S. (23 Wall.) 181, 224 (1874); *Prouty v. Ruggles*, 41 U.S. (16 Pet.) 336, 341 (1842); *Franks Casing Crew & Rental Tools, Inc. v. Weatherford Int'l, Inc.*, 389 F.3d 1370, 1378 (Fed. Cir. 2004).

defendant and one of which is performed by a third party. If the behavior of the third party can be legally attributed to the defendant, then the defendant has directly infringed because the parties' combined actions satisfy the all-elements rule. Joint infringement doctrine thus defines the circumstances in which the law attributes third-party behavior to an accused infringer, such that the defendant is deemed to have performed the third step itself.

A defendant who does not satisfy the all-elements rule may nevertheless commit indirect infringement, but only if there has been an instance of direct infringement. *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518, 526 (1972); *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 341 (1961); *Mercoid Corp. v. Mid-Continent Inv. Co.*, 320 U.S. 661, 677 (1944) (Frankfurter, J., dissenting). The Patent Act subdivides indirect infringement into inducement, 35 U.S.C. § 271(b), and contributory infringement, *id.* § 271(c). "Section 271(c) covers the usual situation in which contributory infringement arises: sale of a component especially designed for use in a patented combination or process." 5 DONALD S. CHISUM, CHISUM ON PATENTS § 17.03 (2004). Contributory infringement is traced to *Wallace v. Holmes*, 29 F. Cas. 74 (C.C. Conn. 1871) (No. 17,100), in which a defendant was held to have infringed an oil lamp patent by selling a burner that had no other suitable use, intending that the customer would assemble an infringing apparatus by adding a chimney. *Id.* at 79—

80.³ Courts later found contributory infringement where a defendant sold an apparatus intended to enable direct infringement of a method patent. *E.g.*, *B.B. Chem. Co. v. Ellis*, 117 F.2d 829, 833–34 (1st Cir. 1941), *aff'd*, 314 U.S. 495; *cf.* 35 U.S.C. § 271(c) (proscribing contributory infringement where a person “offers to sell or sells . . . a material or apparatus for use in practicing a patented process”).

In short, there is a clear doctrinal distinction between joint infringement and contributory infringement: A joint infringer commits direct infringement under 35 U.S.C. § 271(a), while a contributory infringer commits indirect infringement under 35 U.S.C. § 271(c) by intentionally enabling another’s direct infringement.

Despite this clear distinction, Petitioner cites joint infringement and contributory infringement cases interchangeably, as if contributory infringement precedent governed this joint infringement case. Citing this Court’s decision in *Dawson Chemical Co. v. Rohm & Haas Co.*, 448 U.S. 176 (1980), Petitioner contends that “[a]lthough *Dawson* involved contributory infringement under 35 U.S.C. § 271(c), this Court’s reasoning is equally applicable in the context of ‘joint infringement.’” Pet. 5; *see also id.* at 19 (claiming that the decision below “conflicts with the reasoning, if not the narrowest holding, of this Court’s precedent, notably *Dawson*”).

³ *See also Cotton-Tie Co. v. Simmons*, 106 U.S. 89, 94–95 (1882); *James Heekin Co. v. Baker*, 138 F. 63, 66 (8th Cir. 1905) (Van Devanter, J.); *Thomson-Houston Elec. Co. v. Ohio Brass Co.*, 80 F. 712, 720–22 (6th Cir. 1897) (Taft, J.).

Chemical”). Petitioner then rewrites history by suggesting that joint infringement arose from the leading contributory infringement case of *Wallace v. Holmes*. Pet. 6 (“‘Joint infringement’ had a century-and-a-half long pedigree . . . dating at least from the 1871 *Wallace* decision.”). Petitioner also invokes a pair of contributory infringement cases concerning method patents as though they are applicable to this joint infringement case. Pet. 6 (citing *Peerless Equip. Co. v. W.H. Miner, Inc.*, 93 F.2d 98 (7th Cir. 1938), and *Bullock Elec. & Mfg. Co. v. Westinghouse Elec. & Mfg. Co.*, 129 F. 105 (6th Cir. 1904)); see *Peerless*, 93 F.2d at 105 (finding contributory infringement); *Bullock*, 129 F. at 112 (finding no contributory infringement).

Petitioner’s reliance on these contributory infringement cases is misplaced. In the simple example given above, in which a defendant performs two steps of a method patent and a third party performs the final step, joint infringement doctrine can yield direct infringement liability by combining the actions of the parties and attributing performance of every step to the defendant. By contrast, absent a finding of joint infringement, the defendant cannot be liable for contributory infringement because there is no direct infringement. See *Deepsouth*, 406 U.S. at 526; *Aro*, 365 U.S. at 341; but see *Peerless*, 93 F.2d at 105. In these circumstances, where the patent owner can establish direct infringement only by attributing the actions of third parties to the alleged infringer, liability for contributory infringement is either unnecessary or unavailable.

Given the distinction between joint infringement and contributory infringement, and the inapplicability of contributory infringement cases such as *Dawson Chemical*, *Wallace*, *Peerless*, and *Bullock* to this joint infringement case, it is evident that the court of appeals' decision involves no departure from precedent. To the contrary, the "control or direction" standard announced in *BMC Resources, Inc. v. Paymentech, L.P.*, 498 F.3d 1373, 1378–81 (Fed. Cir. 2007), and applied in this case accords with decisions from other courts.⁴

⁴ See, e.g., *Mobil Oil Corp. v. Filtrol Corp.*, 501 F.2d 282, 291–92 (9th Cir. 1974) ("We question whether a method claim can be infringed when two separate entities perform different operations and neither has control of the other's activities."); *Crowell v. Baker Oil Tools, Inc.*, 143 F.2d 1003, 1004 (9th Cir. 1944) ("It is obvious that one may infringe a patent if he employ an agent for that purpose or have the offending articles manufactured for him by an independent contractor."); *Marley Mouldings Ltd. v. Mikron Indus., Inc.*, No. 02C2855, 2003 WL 1989640, at *3 (N.D. Ill. 2003) (denying summary judgment of non-infringement and noting "a material issue of fact as to whether [defendant] has control over [third party's] activities with the performance of the first two steps of the process"); *Faroudja Labs., Inc. v. Dwin Elecs., Inc.*, No. 97-20010, 1999 WL 111788, at *5–*6 (N.D. Cal. 1999) (finding no infringement of patented method for converting motion picture film to high-quality television signal, where defendant did not perform first method step or "work[] in concert" with those who did); *E.I. DuPont de Nemours & Co. v. Monsanto Co.*, 903 F. Supp. 680, 734–35 (D. Del. 1995) (holding that defendant did not infringe patented process for making stain-resistant carpet fibers, where defendant performed first step and third party performed remaining steps).

2. Petitioner misstates the holding of the court of appeals in this case. Rather than proclaiming the creation of a “new ‘on behalf of standard” for joint infringement, Pet. 13, the Federal Circuit’s decision is a correct and fact-bound application of existing precedent.

The Federal Circuit squarely addressed joint infringement doctrine for the first time in *BMC Resources, Inc. v. Paymentech, L.P.*, 498 F.3d 1373 (Fed. Cir. 2007).⁵ The Federal Circuit there held that performance of a method step by a third party is attributable to a defendant who exercises “control or direction” over the third party. *Id.* at 1380–81; *see also id.* at 1381 (“A party cannot avoid infringement, however, simply by contracting out steps of a patented process to another entity. In those cases, the party in control would be liable for direct infringement. It would be unfair indeed for the mastermind in such situations to escape liability.”).

⁵ Petitioner gives too much weight to dicta from *On Demand Machine Corp. v. Ingram Industries, Inc.*, 442 F.3d 1331 (Fed. Cir. 2006). Pet. 2–3, 6, 12, 14, 27, 32 (citing *On Demand*). As the Federal Circuit has explained, the joint infringement question was not “squarely presented” in *On Demand*. *See PharmaStem Therapeutics, Inc. v. ViaCell, Inc.*, 491 F.3d 1342, 1358 n.1 (Fed. Cir. 2007). Although Respondents disagree with Petitioner’s reading of *On Demand*, it is unnecessary here to parse the Federal Circuit’s dicta, which *BMC* held “did not change the traditional standard requiring a single party to perform all steps of a claimed method” to infringe directly. 498 F.3d at 1380; *see also id.* (“*On Demand* did not change this court’s precedent with regard to joint infringement.”).

The decision in this case — by a panel of the Federal Circuit that included two members of the *BMC* panel — simply applied *BMC*'s “control or direction” standard. Concluding that Respondents did not exercise control or direction over participants in online municipal bond auctions, the court of appeals found no joint infringement of the asserted claims of Petitioner's business method patent. Pet. App. 36b–37b.

Petitioner seeks to inflate the importance of this case by asserting that the court of appeals has supplanted the “control or direction” standard. Pet. 13. The language of the court of appeals' decision is to the contrary. The Federal Circuit's brief discussion of joint infringement repeats some variant of *BMC*'s “control or direction” language no fewer than four times. Pet. App. 35b–36b. Although Petitioner refers to “[t]he Federal Circuit's new ‘on behalf of standard,” Pet. 13, essentially identical language appears in *BMC*. 498 F.3d at 1379 (“In the context of patent infringement, a defendant cannot thus avoid liability for direct infringement by having someone else carry out one or more of the claimed steps *on its behalf.*”), (emphasis added). In short, the decision below involved nothing more than application of the *BMC* standard to a particular set of facts. No further review is warranted.⁶

⁶ The Federal Circuit referred to vicarious liability in *BMC*, 498 F.3d at 1379, and in this case, Pet. App. 36b. Cf. *Meyer v. Holley*, 537 U.S. 280, 285 (2003) (“[W]hen Congress creates a tort action, it legislates against a legal background of ordinary tort-related vicarious liability rules and consequently intends (continued...)”)

3. Petitioner is wrong to contend that confusion among district courts applying the Federal Circuit's joint infringement standard justifies review in this Court. Pet. 14–19, 20–21. Less than two years have passed since the Federal Circuit announced the “control or direction” standard for joint infringement. See *PharmaStem*, 491 F.3d at 1358 n.1 (noting that *BMC*, decided in 2007, was the first Federal Circuit case that “squarely presented” the joint infringement issue). To the extent that the Federal Circuit's standard gives rise to any confusion in the district courts, it is appropriate for the Federal Circuit to address that confusion in the first instance. As the Federal Circuit decides additional joint infringement cases and applies its “control or direction” standard to new facts, the operation of that standard will be clarified and any confusion in the lower courts will dissipate.

4. Petitioner's concern over the enforceability of business method patents is readily addressed through proper claim drafting. *BMC*, 498 F.3d at 1381 (“The concerns over a party avoiding infringement by arms-length cooperation can usually be offset by proper claim drafting. A patentee can usually structure a claim to capture infringement by

its legislation to incorporate those rules.”). Petitioner argues that the phrase “vicarious liability” implies that a third party must perform every method step to find joint infringement. Pet. 14. In so arguing, Petitioner disregards clear language in the Federal Circuit's decision. See Pet. App. 34b (“The issue is thus whether the actions of at least the bidder and the auctioneer may be *combined* under the law so as to give rise to a finding of direct infringement by the auctioneer.”) (emphasis added).

a single party.”); *Level 3 Commc’ns, LLC v. Limelight Networks, Inc.*, No. 2:07CV589, slip op. at 11 (E.D. Va. Dec. 29, 2008) (“[T]he claims of the Farber patents are drafted in such a way as to allow infringement to be claimed on the basis of the actions of a single party, rendering jurisprudence regarding infringement by multiple parties in *Muniauction* and *BMC* inapposite.”). Patent practitioners have long recognized the need to draft claims so only a single entity performs them. See, e.g., Mark A. Lemley et al., *Divided Infringement Claims*, 33 AIPLA Q.J. 255, 272–75 (2005) (instructing practitioners to “Draft Unitary Claims”); Larry S. Nixon, *Preparing and Prosecuting a Patent to Win in Litigation*, 423 PLI/Pat 39, 53–54 (1995) (cautioning against “writ[ing] claims so that only a combination of *different* entities falls within the scope of any claim”). There is no reason for courts to distort joint infringement doctrine in order to salvage poorly drafted business method patents. Cf. *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 397 (2006) (Kennedy, J., concurring) (noting the “potential vagueness and suspect validity of some of these [business method] patents”).

II. Petitioner Has Waived Its Retroactivity Argument

Petitioner also argues that the *BMC* joint infringement standard should not have been applied retroactively in this case. Pet. 28–35. This argument has been waived because Petitioner did not raise it in its brief on the merits (or its rehearing petition, for that matter) in the court of appeals. See *Sprietsma v. Mercury Marine, Div. of Brunswick Corp.*, 537 U.S.

51, 56 n.4 (2002); *United Parcel Serv., Inc. v. Mitchell*, 451 U.S. 56, 60 n.2 (1981).

Moreover, Petitioner's retroactivity argument lacks merit. Once the Federal Circuit applied the "control or direction" standard in *BMC*, it was obliged to apply that standard in all pending cases. See *Harper v. Va. Dep't of Taxation*, 509 U.S. 86, 97 (1993) ("When this Court applies a rule of federal law to the parties before it, that rule is the controlling interpretation of federal law and must be given full retroactive effect in all cases still open on direct review and as to all events, regardless of whether such events predate or postdate our announcement of the rule."); *Reynoldsville Casket Co. v. Hyde*, 514 U.S. 749, 752 (1995) ("[W]hen (1) the Court decides a case and applies the (new) legal rule of that case to the parties before it, then (2) it and other courts must treat that same (new) legal rule as 'retroactive,' applying it, for example, to all pending cases, whether or not those cases involve predecision events.").⁷

Petitioner suggests that the usual retroactivity rules should not apply to patent decisions of the Federal Circuit, Pet. 31, but there is no authority for its proposal to divorce patent cases

⁷ Petitioner's invocation of *Chevron Oil Co. v. Huson*, 404 U.S. 97 (1971), Pet. 29–30, 35, is unavailing. See *Landgraf v. USI Film Prods.*, 511 U.S. 244, 279 n.32 (1994) ("While it was accurate in 1974 to say that a new rule announced in a judicial decision was only *presumptively* applicable to pending cases, we have since established a firm rule of retroactivity.") (citing *Huson* and *Harper*).

from “the fundamental rule of ‘retrospective operation’ that has governed ‘[j]udicial decisions . . . for near a thousand years.’” *Harper*, 509 U.S. at 94 (quoting *Kuhn v. Fairmont Coal Co.*, 215 U.S. 349, 372 (1910) (Holmes, J., dissenting)). Petitioner invokes this Court’s discussion of qualified immunity in *Reynoldsville Casket*,⁸ Pet. 29, but fails to offer a meaningful connection between patent law and qualified immunity.⁹

III. Petitioner Is Not Entitled To A GVR Order

Finally, Petitioner asks this Court to “grant a writ of certiorari and vacate and remand (“GVR”) this case to the Federal Circuit with instructions ordering a new trial limited to the specific issue of ‘joint infringement.’” Pet. 36. Petitioner did not ask the court of appeals for a remand in its brief on the merits or its petition for rehearing, and therefore this argument, like Petitioner’s retroactivity argument, has been waived. *See supra* Part II.

Petitioner’s GVR request is also foreclosed by this Court’s decision in *Boyle v. United Technologies Corp.*, 487 U.S. 500, 513 (1988) (holding that “[i]f the

⁸ 514 U.S. at 757–59 (explaining that retroactivity of a new constitutional rule will not be dispositive in an unlawful-arrest case where defendant police officer invokes qualified immunity, the new rule not having been “clearly established” at the time of the arrest, *see Harlow v. Fitzgerald*, 457 U.S. 800, 818 (1982)).

⁹ Petitioner’s retroactivity argument is also self-defeating. It seeks to rely on *On Demand Machine Corp. v. Ingram Industries, Inc.*, 442 F.3d 1331 (Fed. Cir. 2006), Pet. 32, a decision that was not issued until almost five years after Petitioner filed this lawsuit. *See* Pet. App. 20b.

evidence presented in the first trial would not suffice, as a matter of law, to support a jury verdict under the properly formulated defense, judgment could properly be entered for the respondent at once, without a new trial"). Petitioner argues that the court of appeals should have remanded for a jury determination as to whether Respondents exerted "control or direction" over participants in online municipal bond auctions. Pet. 37. But the court of appeals held, as a matter of law, that Respondents do not exercise the "control or direction" needed to establish joint infringement: "In this case, Thomson neither performed every step of the claimed methods nor had another party perform steps on its behalf, and MuniAuction has identified no legal theory under which Thomson might be vicariously liable for the actions of the bidders. Therefore, Thomson does not infringe the asserted claims *as a matter of law*." Pet. App. 37b. (emphasis added). Accordingly, Petitioner is not entitled to a retrial.

The court of appeals' holding is correct. In a BidComp/Parity® auction, the issuer determines the content of a valid bid and the means by which it must be submitted. Where an issuer allows both electronic and non-electronic bid submission, bidders choose whether to submit bids via Respondents' web-based system. Respondents do not exert "control or direction" over bidders or issuers in their performance of these and other method steps. It would be a curious auction indeed in which the auctioneer controlled the behavior of both buyers and sellers.

The evidence recounted by Petitioner, Pet. 39–41, fails to establish control. While Respondents

control their own BidComp/Parity® software, *see id.*, this is not “control” in the legally relevant sense. Pet. App. 36b (“That Thomson controls access to its system and instructs bidders on its use is not sufficient to incur liability for direct infringement.”). The contracts between Respondents, bidders, and issuers, *see* Pet. 41, show only “‘arms-length cooperation’ [that] will not give rise to direct infringement by any party.” Pet. App. 35b.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted,

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